

1 listening to those who advocate for or against
2 gambling, we hope to cut through the rhetoric and give
3 you some tools to assess the quality of gaming
4 industry jobs in Atlantic City and wherever else the
5 Commission may travel.

6 Specifically, we want to give you four
7 criteria upon which to evaluate job quality. Income,
8 does the job pay well enough to support a family?
9 Health insurance, does it provide family medical
10 benefits at an affordable price? Pension, does it
11 offer retirement benefits? Job security, is the job
12 going to be there next year?

13 In a moment, we are going to take you
14 through these four criteria, but first to give you a
15 little background on our union and its membership here
16 in Atlantic City, I would like to introduce Bob
17 McDevitt, the President of Local 54, which represents
18 employees of all 12 Atlantic City casinos.

19 Bob?

20 MR. McDEVITT: Thank you, Matt.

21 Members of the panel, Madam Chairman,
22 welcome to Atlantic City, my home town. Thank you for

1 the opportunity to speak before the Commission.

2 Before I proceed, I would like to tell you
3 a little bit about myself. I'm a third generation
4 resident of Atlantic City. My grandmother spent much
5 of her childhood in Atlantic City, and settled in the
6 inlet after she married my grandfather. My father,
7 and his sister and brothers, grew up on the streets
8 and beaches of this great community, and lived for a
9 time at the Jonathan Pitney Housing Project just
10 across the Expressway from where you now sit.

11 I, in turn, had the opportunity to grow up
12 on this island after my family relocated to Ventnor in
13 1962, following the migration of senior residents to
14 the outlying bedroom communities.

15 I had a charmed childhood, roaming the
16 beaches of Atlantic City with my father, the
17 lifeguard, oblivious to the demise of my hometown
18 taking place all around me. I didn't realize at such
19 a young age how tragic my own uncle's experience was
20 in Atlantic City in the hotel industry. He began as
21 a bellhop in the 1950s during high school at the
22 Claridge Hotel, and he worked his way up the ladder by

1 way of the Ambassador Hotel, the Brighton Hotel, among
2 others, until he became Sales Manager at the Traymore
3 Hotel. By the time I was in grammar school in the
4 early '70s, the industry had declined to the point
5 where my uncle could no longer earn a living in
6 Atlantic City, and was forced to drive two hours up
7 the Parkway to a Ramada Hotel in New Brunswick.

8 My high school years were spent wondering
9 where I would move because I knew I couldn't survive
10 here, when this magnificent experiment in Atlantic
11 City began in 1978, and forever it changed my life.

12 At the age of 19, I landed a job at the
13 Playboy Casino as a bar porter, mopping, sweeping,
14 cleaning and learning anything I could from any
15 bartender that would teach me.

16 Over the past 15 years, I have worked as a
17 waiter and bartender in the casino industry, and along
18 the way managed to marry a beautiful loving woman and
19 we have four beautiful children. The last three
20 deliveries were paid for by my union's health and
21 welfare fund. I don't know how I'd have been able to
22 afford them otherwise.

1 Prior to my current position as President
2 of Local 54, entrusted with the care of 15,000
3 brothers and sisters, I managed to build a life based
4 on the foundation of a thriving industry and a solid
5 union contract, much in the way of many who have
6 spoken so eloquently before me.

7 When you make your recommendations to
8 Congress, I ask you to consider this, don't destroy
9 the industry and inflict on my children and myself the
10 same tragic search for a decent living that my uncle
11 suffered.

12 Atlantic City is a community of many
13 tongues, races and backgrounds, and I am honored and
14 proud to speak as their advocate. We are many people
15 bound together by one industry, with a strong work
16 ethic and a hope for an even brighter future. Please
17 remember us when you return inside the Beltway because
18 our futures depend on it.

19 Thank you.

20 MR. WALKER: Last month, we commissioned a
21 poll of union members here, asking them a range of
22 detailed questions about themselves, their standard of

1 living and their observations of the Atlantic City
2 area. The results of this membership poll point up
3 some important facts.

4 28.3 percent of our members have lived in
5 the Atlantic City area since before the first casino
6 opened in 1978. We have a very diverse membership,
7 40.3 percent of our members are White, 26.2 percent
8 Hispanic, 23.7 percent African American and 4.5
9 percent Asian or Pacific Islander. Thirty percent of
10 our membership live within Atlantic City proper, and
11 46 percent of our members are female, many are single
12 mothers.

13 Our poll also asked members for their
14 observations regarding the overall effects of
15 legalized gambling on the Atlantic City area. This
16 information is obviously somewhat impressionistic, but
17 we share a review in order to provide a context for
18 the more substantive assessment of job quality that
19 forms the bulk of our presentation.

20 According to our members, conditions in
21 Atlantic City have improved since the advent of
22 legalized gambling, 74.8 percent reported that

1 gambling had had a positive effect on the area's
2 economy, and 63.4 percent said that it had a positive
3 effect on the quality of life for people who live in
4 the area.

5 Of course, most of the poll questions asked
6 our members to discuss their own experiences working
7 in the Atlantic City area. When we asked whether
8 their own standard of living had changed since they
9 began working in the Atlantic City casino industry,
10 72.5 percent said that their standard of living had
11 improved, with 27.8 percent saying that their standard
12 of living had improved very much.

13 Now we turn to the heart of this
14 presentation, an assessment of job quality in the
15 Atlantic City casino industry, through close
16 examination of data on income, health insurance,
17 pensions and job security. We start with an
18 assessment of real income levels for Atlantic City
19 casino employees in our union's bargaining unit.

20 For the purpose of this analysis, we chose
21 to focus on two job classifications, cook and
22 housekeeper, also referred to as maid or room

1 attendant. Cooks are among the highest paid, non-
2 tipped workers in our bargaining unit, and
3 housekeepers are among the lowest. The income levels
4 for most other job classifications fall in the range
5 between these two.

6 Given that our method for calculating the
7 income does not account for tips and overtime pay, it
8 significantly understates the actual average income of
9 our membership since 1979 to the present.

10 I refer you to the slides which we have
11 projected unto this screen, and which also appear in
12 the back of your binders, whichever is most convenient
13 for you to view. As you see in slides one, two and
14 three, for union cooks in Atlantic City real income,
15 which is to say income after adjusting for inflation,
16 grew by 115 percent from 1977 to 1996, and for
17 housekeepers, real income grew by 100.4 percent.

18 By contrast, real income for private, non-
19 supervisory workers in the broad service sector grew
20 by 10.1 percent in the nation and 16 percent in the
21 state of New Jersey for this same period.

22 In Atlantic City, the largest jump, 109.8

1 percent for cooks and 71.9 percent for housekeepers,
2 came right after gambling was legalized and the first
3 casinos opened in 1978. We also note that since 1989
4 real income for service workers in the United States
5 and New Jersey has declined, while real income for
6 cooks and housekeepers continues to rise.

7 To make this data less abstract, we also
8 looked at how the wages of a typical cook or
9 housekeeper would change from the first day on the job
10 through seven years of scheduled wage increases from
11 1990 through 1996. Slides four and five present the
12 data in constant 1996 dollars. And then, income for
13 the average service worker declined over virtually the
14 same period, from 1989 to 1996.

15 Next, on the subject of health care, as you
16 can see in slides six through nine, 83 percent of our
17 members working in Atlantic City casinos were covered
18 by health insurance in 1996. This family coverage is
19 entirely paid for by the casino employer, an important
20 fact for service sector employees who generally cannot
21 afford to pay for such benefits on their own.

22 By contrast, 11.5 percent of the service

1 workers in the United States, and 12.5 percent of such
2 workers in New Jersey, were covered by health
3 insurance for which their employer paid the entire
4 premium.

5 We note that 60.5 percent of our membership
6 identified medical benefits as an area in which their
7 standard of living had improved because of their jobs
8 in the Atlantic City casino industry. When asked how
9 important their medical benefits were to themselves or
10 their families, 62.5 percent said their medical
11 benefits were absolutely crucial.

12 Next, we turn to job security. Job security
13 is more difficult to quantify than income or health
14 insurance, but in these times of downsizing and
15 outsourcing it is no less important. According to
16 data from our pension trust fund the average member
17 has 6.54 years of service in the industry. According
18 to our poll results, 45.6 percent of our members have
19 worked for their current employer, and 60.5 percent
20 have worked in the industry, for four years or more.
21 Moreover, 12.5 percent have worked in the industry for
22 16 or more years.

1 When asked to compare their own job
2 security to that provided by other jobs in the area,
3 56.5 percent of our members said that their job
4 security was better than average. We were unable to
5 obtain comparable data for the state or the nation,
6 but we believe these figures are remarkable for an
7 industry which did not exist prior to 1978,
8 particularly, since the service sector has a
9 reputation for high turnover.

10 In addition, our union has developed a
11 severance fund, as a unique benefit that compliments
12 job security. This employer-funded benefit provides
13 severance payments if and when the employee quits, is
14 terminated or laid off. These benefits can also be
15 collected at retirement. In short, our union
16 severance benefits, like unemployment insurance,
17 lessen the impact of temporary or transitional
18 unemployment and provide some flexibility to
19 individuals and families when they need it most.

20 Then we looked at pension benefits.
21 Pundits and politicians have lately engage in much
22 public hand wringing over an impending crisis in

1 Social Security. Although the severity of this
2 crisis, and the motives of the crisis mongers may well
3 be in question, there is no doubt that many Americans
4 fail to or cannot make adequate provisions for
5 retirement.

6 Our union's retirement benefits are in the
7 form of a defined benefit pension plan, which is
8 entirely paid for by employer contributions. Under
9 this plan, union casino workers in Atlantic City begin
10 earning pension benefits after one year of service,
11 with a minimum of 800 hours work.

12 As you can see in slides ten and 11, 93.2
13 percent of our members are currently covered by the
14 pension plan. Although we were unable to obtain
15 current national figures, Labor Department data from
16 1993, when 94.9 percent of our members were covered,
17 showed 45 percent of the private sector work force
18 covered by pension plans.

19 Additionally, one study prepared by a major
20 benefits consulting firm reported that as of 1993 only
21 25 percent of the work force was covered by defined
22 benefit plans, which are becoming increasingly rare in

1 this country.

2 In addition, according to our poll results,
3 when asked how important their retirement benefits
4 were to themselves or their families, 34 percent said
5 their retirement benefits were absolutely crucial.

6 Now, we've been throwing out a lot of
7 information about the quality of jobs that currently
8 exist in the Atlantic City casino industry, but now we
9 would like to turn for a moment to what our members
10 say would happen if those jobs did not exist.

11 According to our poll results, if there was no
12 legalized gambling in Atlantic City, only 21.7 percent
13 said they would be able to find a comparable or better
14 job in the area, 46.2 percent said they would have to
15 move elsewhere to find work, 11.2 percent said they
16 would probably be out of work for quite a while, 17
17 percent said they would be able to find a worse job in
18 the Atlantic City area, and if they had to pay for
19 medical insurance out of their own pockets, instead of
20 having medical insurance from their jobs, 48.2 percent
21 said they would be unable to pay for any medical
22 insurance at all, and another 37.2 percent would only

1 be able to afford insurance that is not as good as
2 what they have now. If they had no retirement pension
3 benefits from their jobs, 43.2 percent said they could
4 never afford to retire.

5 We were also interested in determining what
6 effect the union has had on our members' standard of
7 living. Since we believe that the union has had a
8 profound effect in this area, we were not surprised to
9 see that 68.7 percent felt that their standard of
10 living would be worse without a union contract. But,
11 we were quite surprised to observe that the areas in
12 which our members said their standard of living would
13 become worse were a mirror image of the areas in which
14 they said their standard of living had improved
15 because of their jobs in the Atlantic City casino
16 industry. I refer you to slide 12.

17 In other words, our members believe that
18 the specific standard of living improvements they
19 associated with their jobs in the casino industry
20 would be undermined if they did not have a union
21 contract.

22 Before concluding, we would like to address

1 the argument that supporters of gambling place too
2 much importance on the industry's ability to create
3 jobs. Gambling opponents say that the industry's
4 defenders incorrectly assert that the local economy
5 has no other means to create jobs, when, in fact,
6 other means could be pursued. We wonder what other
7 industry could have generated 30,000 high-quality jobs
8 in this area over a period of five years, however, one
9 need only look at the current example of Bridgeport,
10 Connecticut for evidence that under some circumstances
11 casino development is apparently the only available
12 source of job creation.

13 Situated in Fairfield County, one of the
14 wealthiest counties in the nation, Bridgeport lost 70
15 percent of its manufacturing jobs between 1970 and
16 1995. The city declared bankruptcy in 1991. And,
17 it's mostly minority population is beset with among
18 the highest unemployment rates in Connecticut.

19 More than 80 percent of the residents of
20 Bridgeport voted in the 1995 referendum to permit the
21 development of a single casino. The project was
22 ultimately defeated as a result of strong opposition

1 from Fairfield County residents.

2 Today, Bridgeport remains in an economic
3 quagmire. Gambling opponents are here to impart that
4 negative social costs of gambling outweigh the job
5 benefits. However, such an argument seems to overlook
6 the social costs of chronic unemployment, such as
7 increased crime and broken families.

8 If gambling opponents are going to defeat
9 casino gambling in a town such as Bridgeport, we would
10 argue that they have an obligation to come up with a
11 viable alternative. In our view, they would be hard
12 pressed to do so in Bridgeport, and just as hard
13 pressed to have done so here in Atlantic City.

14 For employment-based arguments about the
15 impacts of gambling, our union would shift the focus
16 from the quantity of jobs to the quality of jobs
17 created. This applies to arguments put forward by
18 proponents and opponents of gambling.

19 We specifically recommend assessing income,
20 health insurance, pension and job security. Again, in
21 Atlantic City we found that from 1977 through 1996
22 real income for typical casino workers rose

1 dramatically in comparison to real income for service
2 workers in the United States and New Jersey. Eighty-
3 three percent of our members working in Atlantic City
4 casinos were covered by family health insurance in
5 1996. By contrast, for U.S. and New Jersey service
6 workers just over half that percentage were covered.

7 For 1993, the most recent year for which
8 comparative data was available, 94.9 percent of our
9 members were earning pension benefits, while just 45
10 percent of the private sector work force was covered
11 by pension plans.

12 For the gaming industry in Atlantic City,
13 we see high-quality jobs, jobs that are lifting people
14 into the middle class, jobs that provide for healthy
15 families and secure retirement, jobs, in short, that
16 provide for a future.

17 Conversely, income inequality in America
18 continues unabated, despite the economic recovery.
19 The U.S. median family income is less today than it
20 was in 1989. Atlantic City casino jobs are part of
21 the solution, not part of the problem.

22 But, you don't need all these facts and

1 figures to arrive at that conclusion, just listen to
2 some of these casino workers seated here with me this
3 afternoon.

4 MR. McDEVITT: I'd like to introduce them
5 to you prior to their speaking, so we don't have to go
6 through this again.

7 We have William Lee, a gourmet food server,
8 Edmundo Velasquez, a kitchen utility worker, Devon
9 Brenner, a food server, Taria Manns, cocktail server
10 and way in the wings is Jerry Breedon, a bartender.

11 MR. LEE: Good afternoon, my name is
12 William Lee, and I work as a gourmet server at Resorts
13 Hotel Casino in Atlantic City. I also serve as a shop
14 steward for Local 54.

15 I feel that it is very important that this
16 Commission take a good look at the many positives of
17 the gaming industry, an industry that we, the voters
18 of New Jersey, selected by way of referendum.

19 I have heard many of my co-workers over the
20 years tell me that without casino gaming they would
21 not be living in this area. I have met many people
22 who live here, and who have lived here during the down